

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:3731
ANSWERED ON:22.08.2005
REFORMS IN AGRICULTURE SECTOR
Appadurai Shri M.

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether a proposal to introduce reforms in the agriculture sector with intention to step up investments and remove unwanted controls in farming is under consideration of the Government;
- (b) if so, the details thereof;
- (c) the time by which the said reforms are likely to be implemented; and
- (d) the manner in which the proposed reforms in the agriculture sector are likely to help the overall performance of the farm sector in terms of investments, marketing and production?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a)to(d): With a view to encouraging private investment in the marketing sector, this Government is implementing a scheme for 'Development/ Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization'. Under this scheme, investment subsidy is provided on the capital cost of general or commodity specific infrastructure for marketing of agricultural commodities including terminal markets. Under the scheme, subsidy @ 25% of capital cost of the project subject to a maximum of Rs.50 lakh for each project is provided in all States and @ 33.3% of capital cost subject to a maximum of Rs.60 lakh for each project in case of North Eastern States, hilly areas and to Scheduled Caste / Scheduled Tribe entrepreneurs. In respect of infrastructure projects of State Governments / State Agencies, there is no upper ceiling on subsidy to be provided under the scheme. The Scheme is reform linked, to be implemented in those States/Uts that amend the APMC Act, wherever required, to allow setting up of direct marketing and competitive markets. The States of Madhya Pradesh, Tamil Nadu, Kerala, Manipur, Himachal Pradesh, Andhra Pradesh, Punjab, Sikkim, Nagaland and Andaman and Nicobar Islands have been notified for the implementation of this Scheme.

Under the existing Agricultural Produce marketing Regulation Act (APMC Act), the farmer is restricted from entering into direct contract with any manufacturer as the produce is required to be canalized through licensed traders and regulated markets. In the case of fruits and vegetables, several intermediaries exist between the farmer and the retailer and the farmer realizes less than 30 percent of the final consumer price. These restrictions are acting as a disincentive to farmers, trade and industry. Thus, the marketing reforms are expected to benefit farmers by enlarging the markets for their produce and also by enlarging their share in the final consumer price.